

DATE IN 3.21.12	SUSPENSE	ENGINEER DB	LOGGED IN 3.21.12	TYPE NSL	APP NO. 1208157145
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PTG-W

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



WPX Energy
 120782
 Schalk 32# 002B

ADMINISTRATIVE APPLICATION CHECKLIST 30-039-31107

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

Fed
 Rio Arriba

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

2012 MAR 21 PM 4:20
 RECEIVED 300D
 32-4W-4W

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Heather Riley _____ Signature _____ Title _____ Date 3/19/12

Print or Type Name _____ e-mail Address Heather.riley@wpenergy.com

WPXENERGY

P. O. Box 640
Aztec, NM 87410
(505) 333-1822
(505) 333-1805 (fax)
Heather.riley@wpxenergy.com

March 19, 2012

Jami Bailey
Division Director
NEW MEXICO OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

Re: *Request for Administrative Approval for Non-Standard Fruitland Location*
Schalk 32 #002B
API # 30-039-31107 - ?
Sec. 32, T31N, R4W
BHL: 2066' FSL & 50' FEL

Dear Ms. Bailey:

WPX Energy Production, LLC ("WPX"), pursuant to the provisions of Division Rule 19.15.15.13, hereby seeks administrative approval of an unorthodox location for the Fruitland Coal (71629) formation in the Schalk 32 #002B. This is a horizontal well with an end of lateral location of 2066' FSL & 50' FEL, Sec. 32, T31N, R4W. See attached plat.

Pursuant to Order No. R-8768-F, wells drilled on a GPU shall be located not closer than 660 feet to the outer boundary of the spacing unit and no closer than 10 feet to any interior quarter-quarter section line or sub-division inner boundary. The new Special Rules for Horizontal Wells under Division Rule 19.15.16.15(B)(3) modifies this rule stating no internal setbacks are required within the project area. Given these setback requirements, this location is encroaching both the southern unit and the northern unit of Section 33, T31N R4W (laydown section). See attached map of Section 33 showing existing wells.

The surface for this well was located on a multi-well pad utilizing existing surface disturbance. As for the end of lateral, WPX needs to drill the longest lateral that is operationally feasible in order to effectively and efficiently produce the Fruitland coal seam in the producing area while minimizing surface disturbances and meeting economic hurdles.

Jami Bailey
March 19, 2012
Page 2 of 2

The spacing for the subject well is the S/2 of Section 32 consisting of 320 acres. The spacing unit we are encroaching upon is the N/2 of Section 33 consisting of 320 acres and the S/2 of Section 33 also consisting of 320 acres. Section 33 is operated by WPX. Pursuant to NMOCD rules notice has been sent to affected interest owners. See attached letter and list of owners notified.

Should you have any questions or concerns, please don't hesitate to contact me at the phone numbers listed above.

Sincerely,

A handwritten signature in cursive script that reads "Heather Riley".

Heather Riley
Regulatory Specialist, Sr.

Enc.: 1st page of APD
C-102
Map of Section 33
Affected Interest Owners List and Letter

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

5. Lease Serial No.
NMNM 023044

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Schalk 32 #2B

9. API Well No.
30-039-31107

10. Field and Pool, or Exploratory

Basin Fruitland Coal ✓
11. Sec., T., R., M., or Blk. and Survey or Area

Section 32, 31N, 4W

12. County or Parish
Rio Arriba

13. State
NM

1a. Type of Work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
WPX Energy Production, LLC (FKA) Williams Production Company, LLC

3a. Address
P.O. Box 640 Aztec, NM 87410

3b. Phone No. (include area code)
(505) 333-1808

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface 635' FSL & 2000' FWL
At proposed prod. zone 2066' FSL & 50' FEL

14. Distance in miles and direction from nearest town or post office*
approximately 31 miles northeast of Blanco, New Mexico

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 635'

16. No. of Acres in lease
640.0

17. Spacing Unit dedicated to this well
320.0 - (S/2)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 50'

19. Proposed Depth
7071'

20. BLM/BIA Bond No. on file
UTB000178

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6938' GR

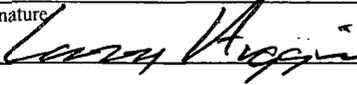
22. Approximate date work will start*
April 1, 2012

23. Estimated duration
1 month

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature  Name (Printed/Typed) LARRY HIGGINS Date 2-1-12

Title PERMIT SUPRV.

Approved by (Signature) Name (Printed/Typed) Date

Title Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

WPX Energy Production, LLC. proposes to develop the Basin Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.

The surface is under Jurisdiction of the Carson National Forest, Jicarilla Ranger District.

This location has been archaeologically surveyed by La Plata Archaeological Consultants. Copies of their report have been submitted directly to the CNF.

No new access road will be required for this proposed well.

This APD is also serving as an application to obtain a pipeline right-of-way. An associated pipeline tie of 34.6 feet would be required for this well.

District I
1625 N. French Drive, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First Street, Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to
Appropriate District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name SCHALK 32		*Well Number 2B
*GRID No. 120782	*Operator Name WILLIAMS PRODUCTION COMPANY		*Elevation 6938'

¹⁰ Surface Location

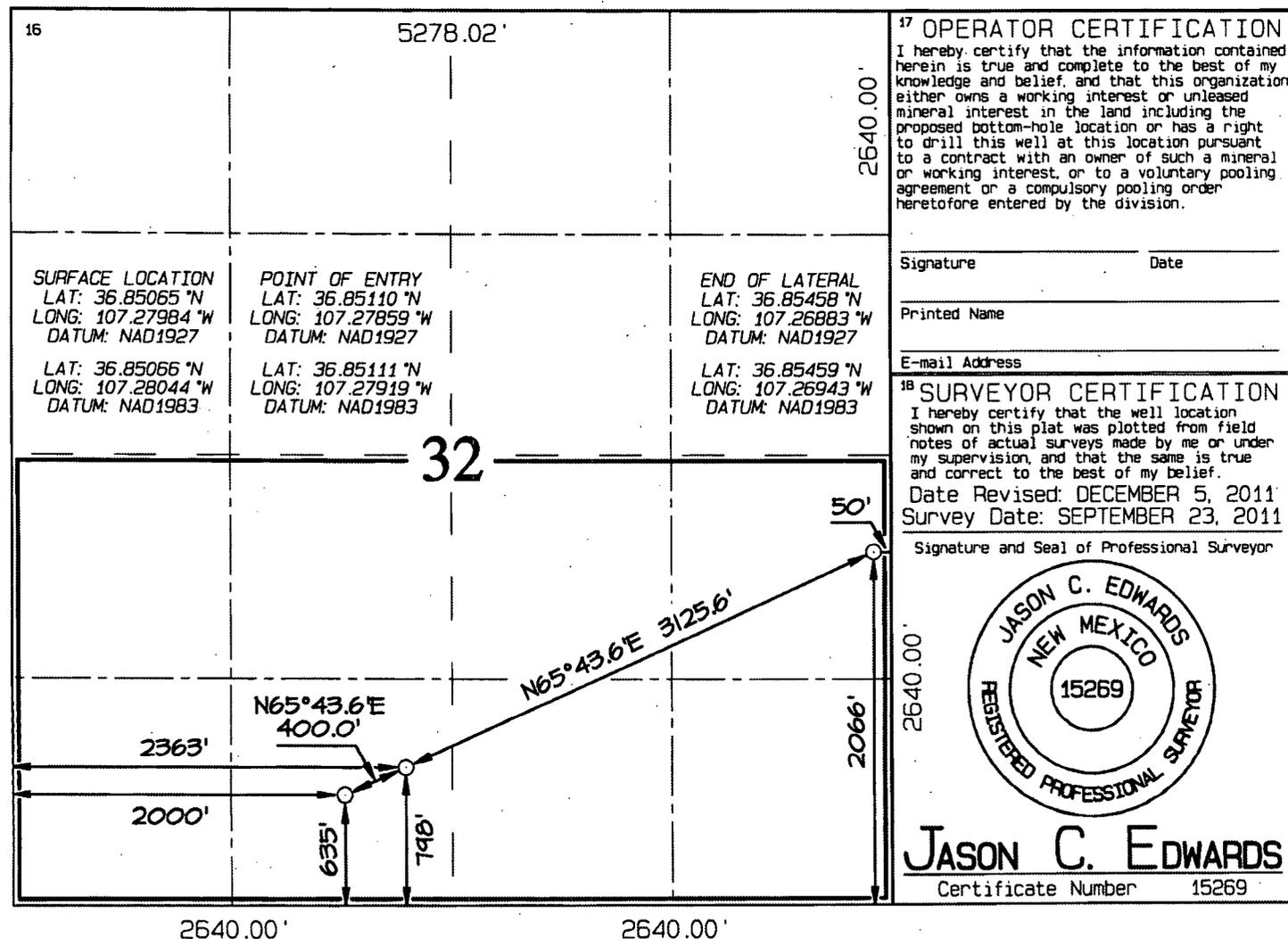
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	31N	4W		635	SOUTH	2000	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	31N	4W		2066	SOUTH	50	EAST	RIO ARRIBA

¹² Dedicated Acres 320.0 Acres - (S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-8768-F
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION





Schalk 32 #1

SCHALK 32 #2

Legend
Topographic Map
Section - CO
Section - SD
MDS USA Topographic Maps

WPXENERGY

March 20, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of WPX Energy Production, LLC for administrative approval of an unorthodox well location for its proposed Schalk #32 #2B Fruitland formation horizontal well to be drilled to a point of entry at 635 feet from the South line and 2000 feet from the West line and extending to 2066 feet from the South line and 50 feet from the East line of Section 32, Township 31 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico.

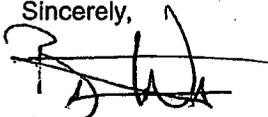
Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by WPX Energy Production, LLC for administrative approval of an unorthodox well location for its proposed Schalk #32 2B Fruitland formation horizontal well to be drilled to a to a point of entry at 635 feet from the South line and 2000 feet from the West line and extending to 2066 feet from the South line and 50 feet from the East line of Section 32, Township 31 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico. The S/2 of Sec. 32, T31N, R4W, a standard 320.00 acre spacing unit is dedicated to the well.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Enclosures

Sincerely,



Brennan West
Landman
WPX Energy Production, LLC

**Schalk 32 #2B Fruitland Formation Well
Affected Interest Owners
S/2 of Sec. 33, T31N, R4W
N/2 of Sec. 33, T31N, R4W**

Burlington Resources
PO Box 4289
Farmington, NM 87499-4289